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July 30, 2004

Washington State Gambling Commission
PO Box 42400
Olympia, WA 98504-2400

RE: Licensure of Service Suppliers: WAC 230-02-205

Dear Commissioners Niemi, Parker, McLaughlin, Orr, and Ludwig

On behalf of our members, we submit the enclosed petition for rule change to amend WAC 230-02-205(1)(c) & (2)(c). The requested change would remove the need for licensure of service suppliers already licensed by regulatory body in Washington. Please see attached for further explanation.

We understand staff is reviewing the agency's WAC rules to streamline and simplify. We believe this meets those criteria.

We look forward to being provided the opportunity to present further testimony on this issue.

Thank you in advance for your consideration of this request.

Sincerely,

Dolores A. Chiechi
Executive Director

Enclosures

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**PETITION FOR ADOPTION, AMENDMENT, OR REPEAL
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)**

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT) Recreational Gaming Association		TELEPHONE NUMBER (INCLUDE AREA CODE) 360-352-0514		
STREET ADDRESS Post Office Box 1787	PO BOX NUMBER	CITY Olympia	STATE WA	ZIP CODE 98507-1787
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN WSGC		If unknown, call (360) 753-7470 for mailing information		

Please submit completed and signed form to the "**Rules Coordinator**" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

:

I believe this rule should be changed or repealed because (check one or more):

- ☐ It does not do what it was intended to do.
- ☒ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☒ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☐ Other (please explain):

PETITIONER'S SIGNATURE

Dolores A. Chiechi on behalf of RGA

DATE

7-30-04

Proposed Rule Change: WAC 230-02-205

DATE SUBMITTED: July 30, 2004

Who Proposed the rule change? Recreational Gaming Association.

Why is this rule change needed?

WAC 230-02-205 defines the Service Supplier attributes or service activities which would lead to the need for a business or individual to apply for licensure before conducting business with a licensee of the Washington State Gambling Commission.

Current requirements for licensure rely on the Department of Financial Institutions, a regulatory body of Washington State, for exempting the licensing requirements of financial institutions such as banks and credit unions. The way the rule is written implies reliance on the regulatory authority of the Department of Financial Institutions which also licenses and regulates other financial institutions such as mortgage companies.

The Gambling Commission has set precedence on their reliance on the Department of Financial Institutions for providing adequate assurances as to their business practices. Duplicate licensure of entities, such as mortgage companies, by the commission is redundant and places an unnecessary regulatory burden on the mortgage companies.

In addition, the rule is ambiguous in relation to the licensure requirements for accountants and attorneys. In the same manner as with mortgage companies, there are licensing requirements for an attorney and a Certified Public Accountant (CPA). Since the licensure of these professionals requires a criminal background check and additional regulatory compliance, the commission could be placing unnecessary regulatory burdens on the professionals already licensed by certain Washington State agencies.

If there is an issue with the services provided by any of the types of individuals or companies listed above, complaints filed with the licensing body would be investigated by the licensing agency and appropriate actions would be taken. Only those professionals providing services to gambling establishments that are not licensed by another regulatory body, which requires the passing of a criminal history check, in Washington State should be subject to licensure by the commission.

Statements against the proposed rule change. None at this time.

Which licensees will be directly impacted?

Potentially all tribal and non tribal entities could retain the services of professionals licensed by Washington State with little delay.

What are the potential impacts to the agency?

Reduced demand on staff time in investigating licensees due to relying on the licensing requirements of another state agency.

Staff recommendation. To Be Determined.

WAC 230-02-205 Gambling service supplier defined. A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

(a) Providing consulting or advisory services regarding gambling activities;

(b) Providing gambling related management services;

(c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union or other financial institution, such as mortgage companies, licensed and regulated by the Washington State department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;

(d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;

(e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer; or

(f) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

(a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;

(b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;

(c) Attorneys and Certified Public Accountants licensed in Washington State providing professional services that are unrelated to the management or operation of gambling activities;

(d) Accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and

(d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty thousand dollars during any calendar year.